

McOMBER & McOMBER

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW

54 SHREWSBURY AVENUE

RED BANK, NEW JERSEY 07701

RICHARD D. MCOMBER
ADRIENNE HAROUTUNIAN MCOMBER
THOMAS J. WARREN
J. PETER SOKOL

RICHARD J. HARTER
NJ & NY BARS
MARTIN F. PFLEGER
ARSEN ZARTARIAN
NJ & NY BARS

TELEPHONE
(908) 842-6500
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(908) 530-8545

January 27, 1995

VIA CERTIFIED MAIL/RRR

Interstate Commerce Commission
12th Street and Constitution Avenue N.W.
Washington, DC 20423

Attn: Documentation Recordation

Re: The Central Jersey Bank and Trust Company
from Continental Tank Car Corporation
Our File No. 6940

Dear Sir or Madam:

Enclosed, for recording, please find an original and one (1) copies of the following document with respect to the above-referenced closing:

1. Security Agreement in the Nature of Chattel Mortgages as to the 100 Railroad Pulpwood Cars, dated January 12, 1995, between Continental Tank Car Corporation ("Continental") and The Central Jersey Bank and Trust Company ("CJB"); and
2. Security Agreement in the Nature of Chattel Mortgages as to the 198 Railroad Pulpwood Cars, dated January 12, 1995, between Continental and CJB.

Also enclosed is this firm's check in the sum of \$42.00, representing payment of recording fees with respect to the within documents. Kindly record same at your earliest convenience and return the recorded originals in the enclosed, self-addressed stamped envelope.

Thank you for your anticipated cooperation.

Very truly yours,

MARTIN F. PFLEGER

MFP:dev

Enclosures

cc: Sydney Hyman, Esquire w/e
Thomas O'Donnell, Vice President w/e



Interstate Commerce Commission
Washington, D.C. 20423-0001

1/31/95

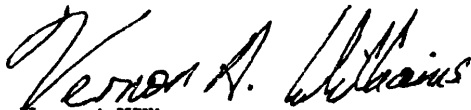
Office Of The Secretary

Martin F. Wflegger
McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/31/95 at 3:30PM, and assigned recordation number(s) 19196 and 19197.

Sincerely yours,

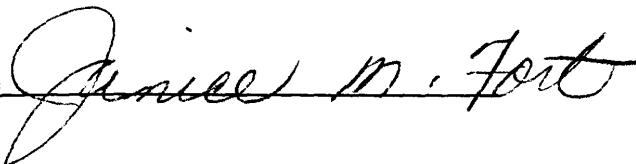

Vernon A. Williams
Secretary

Enclosure(s)

0100511075)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



19196

SECURITY AGREEMENT IN THE NATURE
OF CHATTEL MORTGAGES AS TO 100 RAILROAD PULPWOOD CARS

This SECURITY AGREEMENT IN THE NATURE OF CHATTEL MORTGAGES AS TO 100 RAILROAD PULPWOOD CARS (the "Security Agreement") is made as of the 12th day of January, 1995 by and among:

THE CENTRAL JERSEY BANK AND TRUST COMPANY, a banking institution with offices at Route 9, Freehold, New Jersey 07728 (the "Creditor"); and

CONTINENTAL TANK CAR CORPORATION, a Delaware Corporation; ("Continental"); and H. EMERSON THOMAS, SR., GORDON B. THOMAS and H. EMERSON THOMAS, JR. (collectively, the "Guarantors"); all of whom have a common office address of 200 North Avenue East, P.O. Box 550, Westfield, New Jersey 07091-0550 (collectively, "Continental/Thomas").

WHEREAS, Continental has this date executed a Loan Agreement with Creditor (the "Loan Agreement") whereby the latter has advanced or otherwise credited the aggregate sum of TWO MILLION FIVE HUNDRED FIFTY FIVE THOUSAND and 00/100 (\$2,555,000.00) DOLLARS to Continental or its accounts, respectively, as evidenced by a Promissory Note entered by and among Continental and Creditor of even date (the "Note"); and

WHEREAS, in accordance with the aforesaid Loan Agreement and Note, Continental is required to provide collateral to Creditor during the term of such Loan Agreement and Note; and

WHEREAS, each of the Guarantors is a director, officer, shareholder or wholly-owned subsidiary of Continental, or is a partnership association whose partners are composed solely of one or more of the above.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Security Interest

To induce the Creditor to enter into the Loan Agreement and Note, pursuant to which Creditor is obligated to advance or otherwise credit Continental's account in the aggregate sum of TWO MILLION FIVE HUNDRED FIFTY-FIVE THOUSAND and 00/100 (\$2,555,000.00) DOLLARS, Continental/Thomas hereby jointly and severally grant Creditor a first and paramount security interest in their various respective rights and interest in and under the instruments representing the 100 railroad pulpwood cars currently owned by Continental/Thomas (as their interest may appear), as

more fully set forth and identified in Schedule "A" to this Security Agreement (collectively, the "Collateral"), including without limitation all right(s) and interest(s) which Continental/Thomas and/or any one or more of the parties identified as the same hold and enjoy by virtue of any certificate of title, instrument, Security Agreement in the Nature of Chattel Mortgages, Notes, Leases, Assignment of Leasehold Rights, Assignments of interest in Chattel Mortgages, Assignment of Leases or Assignments of Personal Liability Agreements of any kind.

2. REPRESENTATIONS AND WARRANTIES

Continental/Thomas represent to the Creditor that:

A. Each of the items of Collateral or any part thereof, which is subject to or identified in any of the instruments set forth and identified in Schedule "A" attached hereto is in proper operating condition as of the date of this Security Agreement and is used primarily for business purposes.

B. This Security Agreement constitutes a legal, valid and binding obligation enforceable jointly and severally against Continental/Thomas in accordance with its terms without defense, setoff or counterclaim.

C. Each of the representations and warranties of Continental set forth in the Loan Agreement be and they hereby are affirmed in full by Continental/Thomas with the same force and effect as though set forth at length herein.

2.1 Covenants

Continental/Thomas jointly and severally covenant with the Creditor that they will each do all of the following:

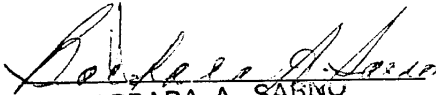
A. Sign such financing statements or other documents in form satisfactory to the Creditor which the Creditor may at any time desire to file in order to protect or perfect its security interest in the Collateral set forth in Schedule "A" attached hereto and reimburse the Creditor for the costs of filing the same and execute and deliver to the Creditor any instrument, document, assignment or other writing which may be necessary or convenient to the Creditor to carry out the terms of this Security Agreement and to perfect its first and paramount security interest hereunder.

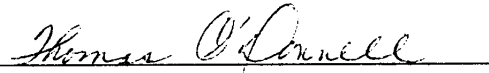
B. Not create or execute any mortgage, pledge, lease, assignment, encumbrances, charge or other lien or security interest in, on or with respect to the Collateral or to cause the termination of any right which has been assigned to the Creditor

IN WITNESS WHEREOF, the parties have executed this Agreement
as of the date first written above.

ATTEST:

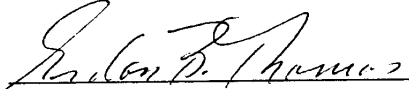
THE CENTRAL JERSEY BANK AND TRUST
COMPANY

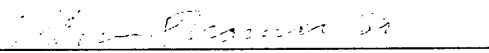

BARBARA A. SARNO
Assistant Secretary

By: 

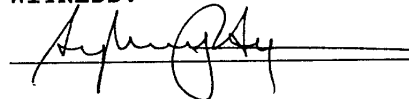
ATTEST:

CONTINENTAL TANK CAR CORPORATION

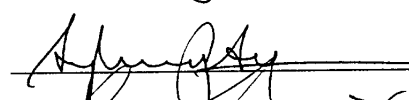


By: 
H. EMERSON THOMAS, SR.,
President

WITNESS:

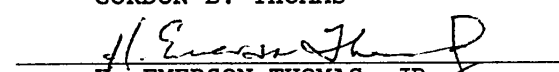



H. EMERSON THOMAS, SR.




GORDON B. THOMAS




H. EMERSON THOMAS, JR.

STATE OF NEW JERSEY:

: SS.

COUNTY :

I CERTIFY that on January 12, 1995,

Thomas O'Donnell personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person signed, sealed and delivered the attached document as Vice President of THE CENTRAL JERSEY BANK AND TRUST COMPANY, the corporation named in this document;
- (b) the proper corporate seal was affixed; and
- (c) this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

MARTIN F. FLECK
ATTORNEY AT LAW
STATE OF NEW JERSEY

STATE OF NEW JERSEY:

: SS.

COUNTY OF MONMOUTH:

I CERTIFY that on January 12, 1995,

H. EMERSON THOMAS, SR. personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person signed, sealed and delivered the attached document as President of CONTINENTAL TANK CAR CORPORATION, the corporation named in this document;
- (b) the proper corporate seal was affixed; and
- (c) this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

SEYMOUR HARRIS
Attorney at Law
State of New Jersey

STATE OF NEW JERSEY :

SS. :

COUNTY OF Newman:

I CERTIFY that on January 12, 1995,

H. EMERSON THOMAS, SR., GORDON B. THOMAS

personally appeared before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed the attached document; and
- (b) signed, sealed and delivered this document as his or her act and deed.

NEW JERSEY
STATE OF MASSACHUSETTS:

SS. :

COUNTY OF UNION :

I CERTIFY that on January 12, 1995,

H. EMERSON THOMAS, JR.

personally appeared before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed the attached document; and
- (b) signed, sealed and delivered this document as his or her act and deed.

Lucy Wilson

LUCY L. WILSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 4/25/97

SCHEDULE "A"

100 - 50 ton, 27 Cord Pulpwood Flat cars (re-built from 40 foot box cars) bearing UMLER registration numbers CAGY 12000 through and including 12099